Chapter Six

FINANCIAL PROGRAM

Ajo MUNICIPAL AIRPORT

FINANCIAL PROGRAM

The successful implementation of the Ajo Municipal Airport Master Plan will require sound judgement on the part of Pima County Airport Management staff. Among the more important factors influencing decisions to carry out a recommendation are timing and airport activity. Both of these factors should be used as references in plan implementation.

Experience has indicated that major problems have materialized from the standard format of past planning documents. These problems center around the plan's inflexibility and inherent inability to deal with new issues that develop from unforeseen changes that may occur after it is completed. The demand-based format used in the development of this master plan has attempted to deal with this issue.

While it is necessary for scheduling and budgeting purposes to consider the timing of airport development, the actual need for facilities is established by airport activity. Proper master planning implementation suggests the use of airport activity levels rather than time as guidance for development. Tracking airport activity levels and then comparing these to forecast activity levels and facility requirements provides decision-makers with the ability to anticipate and plan for when actual facilities are needed.

This chapter of the Master Plan is intended to become one of the primary references for decision-makers responsible for implementing master plan recommendations. Consequently, the narrative and graphic presentations provides an understanding of each recommended development item. This understanding will be critical in maintaining a realistic and cost-effective program that provides maximum benefit to the community of Ajo, Pima County, the State of Arizona, the FAA, and airport users.

The presentation of the financial plan has been organized into two sections. First, the airport development schedule is presented in narrative and graphic form. Secondly, airport improvement funding sources on the federal, state, and local levels are identified and discussed.

AIRPORT DEVELOPMENT SCHEDULE AND COST SUMMARIES

The airport development schedule presented in this chapter outlines the costs for each recommended project and estimates when development should take place. The program outlined on the following pages has been evaluated from a variety of perspectives and represents the culmination of a comparative analysis of basic budget factors, demand, and priority assignments.

Since forecast demand and operational changes can change, frequently on short notice, the airport development schedule has been divided into planning horizons, reflecting short term (0-5 years), intermediate (6-10 years), and long term (10-20 years) goals and needs. Planning horizons are intended to reflect the fact that many future improvements for the airport are demand-based, rather than time-based, and that the actual need to improve facilities will be linked to specific and verifiable activity. The airport development schedule should be viewed as a flexible document which can be modified to reflect actual growth in airport activity. The short-term planning period covers items of highest priority. Because of their priority, these are the only items scheduled year-by-year so as to be easily incorporated into County, State, and FAA programming.

Table 6A summarizes the airport development schedule for Ajo Municipal Airport. In addition to the listing of actual improvement projects, an estimate has been made of the timing for implementation and federal and state funding eligibility for each airport improvement project as well as the local share costs for completing the recommended improvements. Due to the conceptual nature of a master plan, implementation of capital improvement projects should occur only after further refinement of their design and costs through engineering and/or architectural analyses. Capital costs in this chapter should be viewed only as estimates subject to further refinement during design.

Additionally, in **Chapter Four, Development Alternatives,** it was stated that future sites would be reserved for the following landside facilities: fuel storage facility, aircraft wash rack, and "fly-in" recreation area. For financial planning purposes, estimated construction or development costs for each of these items has been included for their respective planning horizon.

SHORT TERM PLANNING HORIZON IMPROVEMENTS

As indicated above, the short term planning horizon is the only development stage that is correlated to time. This is because development within this initial period is concentrated on the most immediate needs of the airport. Therefore, the program is presented year-by-year to assist in capital improvement programming.

The short term planning horizon outlines the anticipated capital needs of airport over the next five fiscal years (FY 1999-2000 to FY 2003-2004). The anticipated development grant from ADOT for FY 1999-2000 is included in **Table 6A** for information purposes. This nearly $270,000 grant is planned to be used for several items including

the paving of Ajo Airport Road, construction of Taxiway A4, the construction and repair of the Airport's perimeter fence and the construction of a segmented circle/lighted wind indicator. **Overall, short term planning horizon improvements are estimated to cost approximately $2.0 million** and include the following:

TABLE 6A
Capital Improvement Program (FY1999-2004)

	Total Cost	FAA	ADOT	Local
Short Term Planning Horizon				
FY 1999-2000				
1.Pave Airport Road (6,000 s.y.)	$195,000	$0	$175,500	$19,500
2.Construct/Reconstruct Airport Perimeter Fencing (4,750 l.f.)	$26,975	$0	$24,278	$2,697
3.Clearing and Grubbing of All Runway OFAs of Obstructions and Vegetation	$5,200	$0	$0	$5,200
Subtotal FY1999-2000	$227,175	$0	$199,778	$27,397
FY 2000-2001				
4.Environmental Assessment - Runway/Taxiway Reactivation and New Taxiway Construction	$75,000	$68,295	$3,353	$3,353
5.Grade and Reactivate Runway 5-23 (Initial 3,800 foot x 60 foot Dirt Runway)	$81,250	$0	$73,125	$8,125
6.Grade Parallel Taxiway B (Initial Dirt Taxiway)	$16,770	$0	$15,093	$1,677
Subtotal FY 2000-2001	$173,020	$68,295	$91,571	$13,155
FY 2001-2002				
7.Construct Potable Water Supply/Distribution System	$130,000	$0	$117,000	$13,000
8.Construct Airport Sanitary Septic System	$65,000	$0	$0	$65,000
9.Repair/Replace Existing Aircraft Tiedown Area	$3,900	$0	$3,510	$390
Subtotal FY 2001-2002	$198,900	$0	$120,510	$78,390
FY 2002-2003				
10.Install Apron/Aircraft Parking Area Lighting	$13,000	$11,838	$581	$581
11.Widen Runway 12-30 to 75 feet (±6,300 s.y.)	$245,700	$223,734	$10,983	$10,983
12.Strengthen (Overlay) Existing Runway 12-30 Pavement to 30,000 lbs. Dual-wheel gear (±32,000 s.y.)	$208,000	$189,405	$9,298	$9,298
Subtotal FY 2002-2003	$466,700	$424,977	$20,862	$20,862
FY 2003-2004				
13.Construct Taxiway A4 from Existing Apron to Runway 30 End (±1,800 s.y.)	$70,200	$63,924	$3,138	$3,138
14.Install Taxiway A4 Edge Lighting (MITL) from Existing Apron to Runway 30 End (±900 l.f.)	$23,400	$21,308	$1,046	$1,046
15.Construct Taxiway A from Existing Apron to Runway 12 End (±11,000 s.y.)	$429,000	$390,647	$19,177	$19,177
16.Install Taxiway A Edge Lighting (MITL) from Existing Apron to Runway 12 End (±5,600 l.f.)	$145,600	$132,583	$6,509	$6,509
17.Pave Taxiway B Between Runway 12-30 and Existing Apron (± 1,950 s.y.)	$76,050	$69,251	$3,400	$3,400
18.Pavement Preservation (±50,000 s.y.)	$175,500	$0	$157,950	$17,550
19.Construct Segmented Circle/Lighted Wind Indicator	$3,250	$0	$2,925	$325
Subtotal FY 2003-2004	$923,000	$677,713	$194,145	$51,145
Total Short Term Planning Horizon	$1,988,795	$1,170,985	$626,866	$190,949

TABLE 6A (Continued)
Intermediate and Long Term Horizon C.I.P.

	Total Cost	FAA	ADOT	Local
Intermediate Term Planning Horizon				
1.Construct General Aviation Terminal Facility (150 s. f.)	$29,250	$0	$26,325	$2,925
2.Construct Terminal Area Auto Parking (225 s. y.)	$4,420	$0	$0	$4,420
3.Pave Terminal Access Road (±2,700 s.y.)	$87,750	$0	$78,975	$8,775
4.Construct Terminal Area Tiedown Area	$5,200	$0	$4,680	$520
5.Construct T-Hangar Facility (4,800 s.f.)	$168,480	$0	$0	$168,480
6.Environmental Assessment - Runway/Taxiway Extensions	$75,000	$68,295	$3,353	$3,353
7.Extend Runway 12-30 by 900 feet to 4,700 feet (±7,500 s.y.)	$292,500	$266,351	$13,075	$13,075
8.Runway 12-30: Install MIRL (9,600 l.f.)	$249,600	$227,286	$11,157	$11,157
9.Runway 12-30: Install PAPI-2 (Both Ends)	$104,000	$94,702	$4,649	$4,649
10.Establish One Mile GPS Approach to Runway 12-30	$0	$0	$0	$0
11.Extend Taxiway A 900 feet (±5,300 s.y.)	$206,700	$188,221	$9,240	$9,240
12.Taxiway A: Extend MITL (±2,700 l.f.)	$70,200	$63,924	$3,138	$3,138
13.Pavement Preservation (±63,000)	$221,130	$0	$199,017	$22,113
14.Construct "Fly-in" Recreation Area	$65,000	$0	$58,500	$6,500
Total Intermediate Term Planning Horizon	$1,579,230	$908,779	$412,109	$258,345
Long Term Planning Horizon				
1.Environmental Assessment - Runway Extension and New Taxiway Construction	$75,000	$68,295	$3,353	$3,353
1.Extend Runway 12-30 800 feet to 5,500 feet (±6,700 s.y.)	$261,300	$237,940	$11,680	$11,680
2.Runway 12-30: Extend MIRL (1,600 l.f.)	$41,600	$37,881	$1,860	$1,860
3.Runway 12: Relocate PAPI-2	$39,000	$35,513	$1,744	$1,744
4.Construct Taxiway A5 (±2,600 s.y.)	$101,400	$92,335	$4,533	$4,533
5.Taxiway A5: Install MITL (±1,350 l.f.)	$35,100	$31,962	$1,569	$1,569
6.Pave Runway 5-23 to 3,800 feet x 60 feet (±25,500 s.y.)	$994,500	$905,592	$44,454	$44,454
7.Runway 5-23: Install MIRL (7,600 l.f.)	$197,600	$179,935	$8,833	$8,833
8.Runway 5-23: Install PAPI-2 (Both Ends)	$104,000	$94,702	$4,649	$4,649
9.Pave Parallel Taxiway B (±16,000 s.y.)	$624,000	$568,214	$27,893	$27,893
10.Establish One Mile GPS Approach to Runway 5-23	$0	$0	$0	$0
11.Pavement Preservation (±114,000)	$400,140	$0	$360,126	$40,014
12.Construct Aircraft Wash Rack Facility	$65,000	$0	$0	$65,000
13.Construct Fuel Storage Facility (12,000 gals.)	$156,000	$0	$0	$156,000
14.Expand General Aviation Terminal Facility (150 s.f.)	$29,250	$0	$26,325	$2,925
15.Expand Terminal Area Auto Parking Lot (150 s.y.)	$2,925	$0	$0	$2,925
16.Expand Corporate Parcel Apron Area (±9,700 s.y.)	$378,300	$344,480	$16,910	$16,910
17.Construct Corporate Parcel Access Road (±2,200 s.y.)	$71,500	$0	$64,350	$7,150
Total Long Term Planning Horizon	$3,576,615	$2,596,849	$578,279	$401,492
Total Airport Development	$6,919,640	$4,471,728	$1,607,195	$840,727

Notes: 1. Each item's total cost includes a 30% design and engineering contingency factor.
2. Totals and subtotals may not agree due to rounding.

Airside: To improve operations safety and satisfy FAA airport design requirements, all runway object free areas (OFAs) will be cleared of obstructions and vegetation.

Crosswind Runway 5-23 is to be graded and reactivated along with it's associated parallel Taxiway B.

Runway 12-30 will be widened from its present width of 60 feet to 75 feet, and the pavement strength rating increased to 32,000

pounds dual wheel loading (DWL). It is further recommended that Runway 12-30's shoulders be graded to eliminate the problems with the ±2-inch pavement edge drop which currently exists. Specifications regarding runway shoulder grading/construction as well as the recommended pavement edge drop can be found in FAA Advisory Circular (AC) 150/5300, *Airport Design.* The recommended shoulder width is 10 feet with a maximum pavement edge drop of 1-1/2 inches.

Taxiway A4 will be constructed from the existing aircraft apron to the Runway 30 end, while parallel Taxiway A will be constructed from the existing northwest edge of the aircraft apron to the Runway 12 end. Included in the construction of each of these taxiways is the installation of medium intensity taxiway lighting (MITL) as well as taxiway markings.

A segmented circle/lighted wind indicator will constructed northwest of Taxiway A4 near the southwest edge of the aircraft apron.

Also, included in the short term planning horizon is a pavement preservation program designed to keep all aircraft ground movement surfaces (i.e., runways, taxiways, aprons) in safe operating condition.

Landside: Ajo Airport Road is to be paved from it's intersection with Meade Road to where it meets the existing aircraft apron. This distance is approximately 4/10 of a mile.

New airport perimeter fencing totaling ±3,750 l.f. is scheduled for that section of the Airport property which parallels Meade Road along the eastern/northeastern edges of the Airport. In conjunction with this new fencing, is the installation of two (2) cattle guard units as well as repairs or reconstruction of an additional 1,000 l.f. of existing airport fencing at various locations on the Airport boundary.

On the aircraft parking apron, repairs and replacement are scheduled for the existing 6 aircraft parking positions. Furthermore, apron and aircraft parking area lighting is to be installed to improve security as well as enhance nighttime operational safety. As previously discussed, maintenance of the aircraft parking apron will be included within the Airport's pavement preservation program.

Other landside improvements include the construction of a potable water supply and distribution system, and the installation of a sanitary septic system. Each of these systems should be designed according to Airport demands and must provide for future expansion capability.

New runway and taxiway construction are just some of the items that may require an Environmental Assessment (EA) be completed for Ajo Municipal Airport. Provision for such a study, therefore, has been included in Table 6A for FY 1999-2000.

Exhibit 6A provides a graphical depiction of the short term planning horizon improvements.

INTERMEDIATE PLANNING HORIZON

The majority of the intermediate planning horizon improvements are aimed at increasing the Airport's service level and operations capacity. **Total intermediate term planning horizon improvements are estimated to cost approximately $1.6 million**. This planning period covers improvement items slated for

years 6 through 10, which are illustrated on **Exhibit 6B**.

Airside: As discussed in Chapter Three, extending Runway 12-30 by 900 feet to 4,700 feet will allow the Airport to serve 100-percent of small aircraft with 10 or more passenger seats. Additionally, the runway edge lights (MIRLs) will be extended to match the runway extension and PAPI-2s will be installed at each end of Runway 12-30. The establishment of a one mile GPS approach to Runway 12-30 is anticipated for this planning period. Commissioned by the FAA, these approaches are implemented at no cost to the Airport.

To compliment the Runway 12-30 extension, both Taxiway A and it's related taxiway edge lighting (MITL) will be extended 900 feet.

As with the short term planning horizon, a pavement preservation program is planned for the intermediate term planning period.

Landside: Improvements scheduled for the intermediate term planning horizon include the development of a general aviation (G.A.) terminal facility and terminal area auto parking area, the construction of the terminal area access road, a new 4-bay T-Hangar facility, the construction of an 8-position aircraft tiedown area to be located adjacent to the new G.A. terminal facility, and the development of a "fly-in" recreation area.

Similar to the short term planning horizon, runway and taxiway extensions, etc. may require that an Environmental Assessment be completed for this planning period. Costs for this EA study have been included in Table 6B.

LONG TERM PLANNING HORIZON

Aviation demand forecasts, conducted in Chapter Two, show the airport is expected to have 17 based aircraft and an annual traffic volume of nearly 4,700 operations by the conclusion of the long term planning horizon. The improvements scheduled for the long term planning horizon are intended to keep the airport on pace with those projected based aircraft and operational needs. **Total long term planning horizon improvements are estimated to cost approximately $3.6 million** and include the following:

Airside: Runway 12-30 is to be extended 800 feet to it's final length of 5,500 feet. This extension necessitates the relocation of the PAPI-2 at the Runway 12 end as well as the extension of the runway edge lights (MIRLs). To better service this extended runway, Taxiway A5 will be constructed from the southeast edge of the aircraft apron to the Runway 12 end. Medium intensity taxiway lighting (MITLs) will be installed along the length of Taxiway A5.

Crosswind Runway 5-23 (3,800 feet long by 60 feet wide) and it's related 35 foot wide parallel Taxiway B are to be paved to their full lengths and widths. Additional improvements to Runway 5-23 include the installation of PAPI-2s at each runway end as well as the installation of MIRLs.

Subject to airspace coordination, GPS approaches to Runway 5-23 are slated for implementation during the long term planning horizon. As with Runway 12-30, these approaches can be established with no cost to the Airport.

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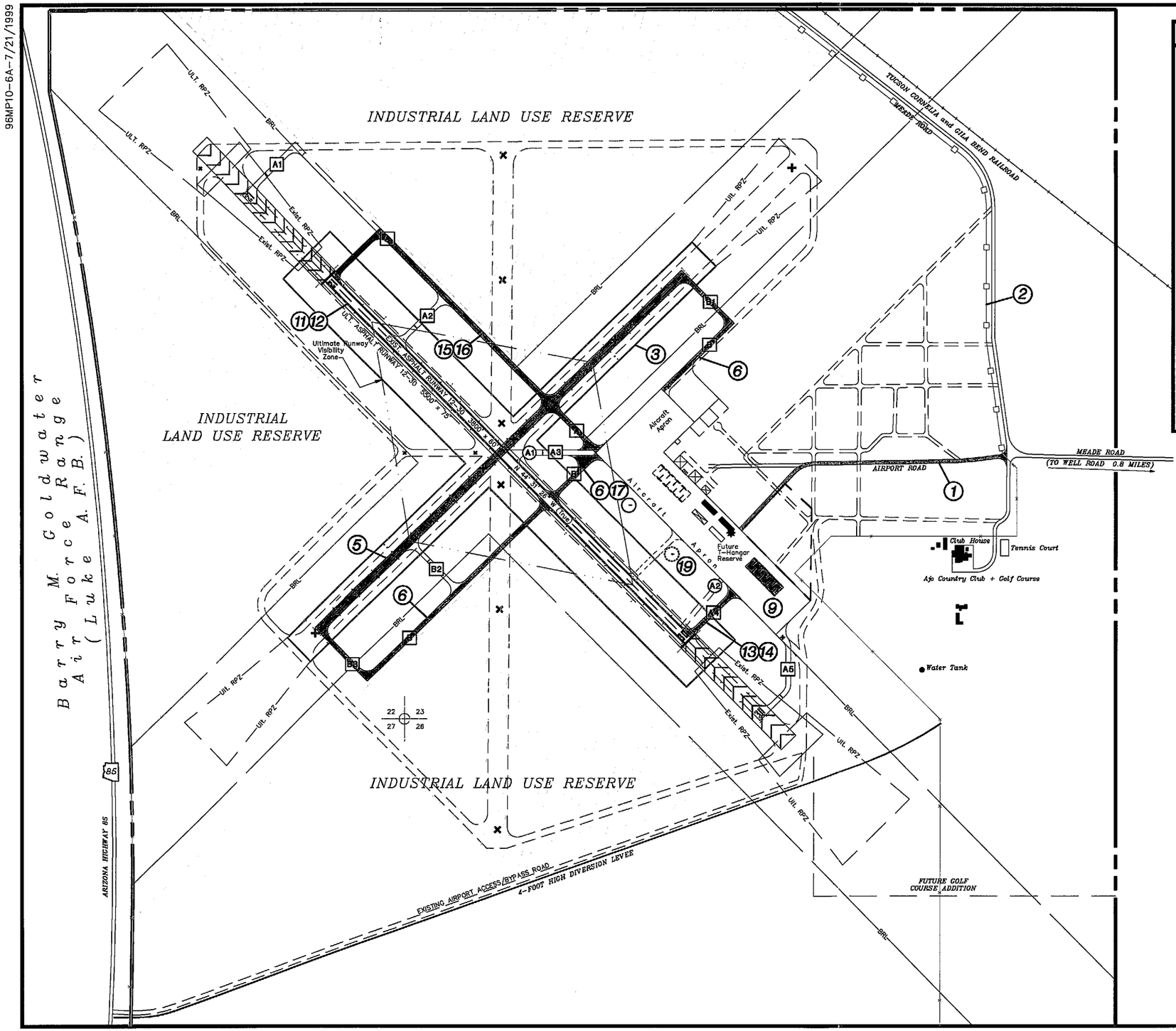


DEVELOPMENT ITEM DESCRIPTIONS

1. Pave Airport Road
2. Airport Perimeter Fencing
3. Clear/Grade Runway OFAs
4. Environmental Assessment
5. Grade/Reactivate Runway 5–23 (Initial Dirt Runway)
6. Grade Parallel Taxiway B (Initial Dirt Taxiway)
7. Construct Airport Potable Water Supply/Distribution System
8. Construct Airport Sanitary Septic System
9. Repair/Replace Existing Aircraft Tiedown Area
10. Install Apron/Aircraft Parking Area Lighting
11. Widen Runway 12–30 to 75 Feet
12. Overlay Runway 12–30
13. Construct Taxiway A4
14. Taxiway A4: Install MITL
15. Construct Taxiway A
16. Taxiway A: Install MITL
17. Pave Taxiway B Between Runway 12–30 and Apron
18. Pavement Preservation
19. Install Segmented Circle/Lighted Wind Indicator

NOTE: Not all development items listed are depicted on this exhibit.

KEY:

(1) *DEVELOPMENT ITEM*

NORTH

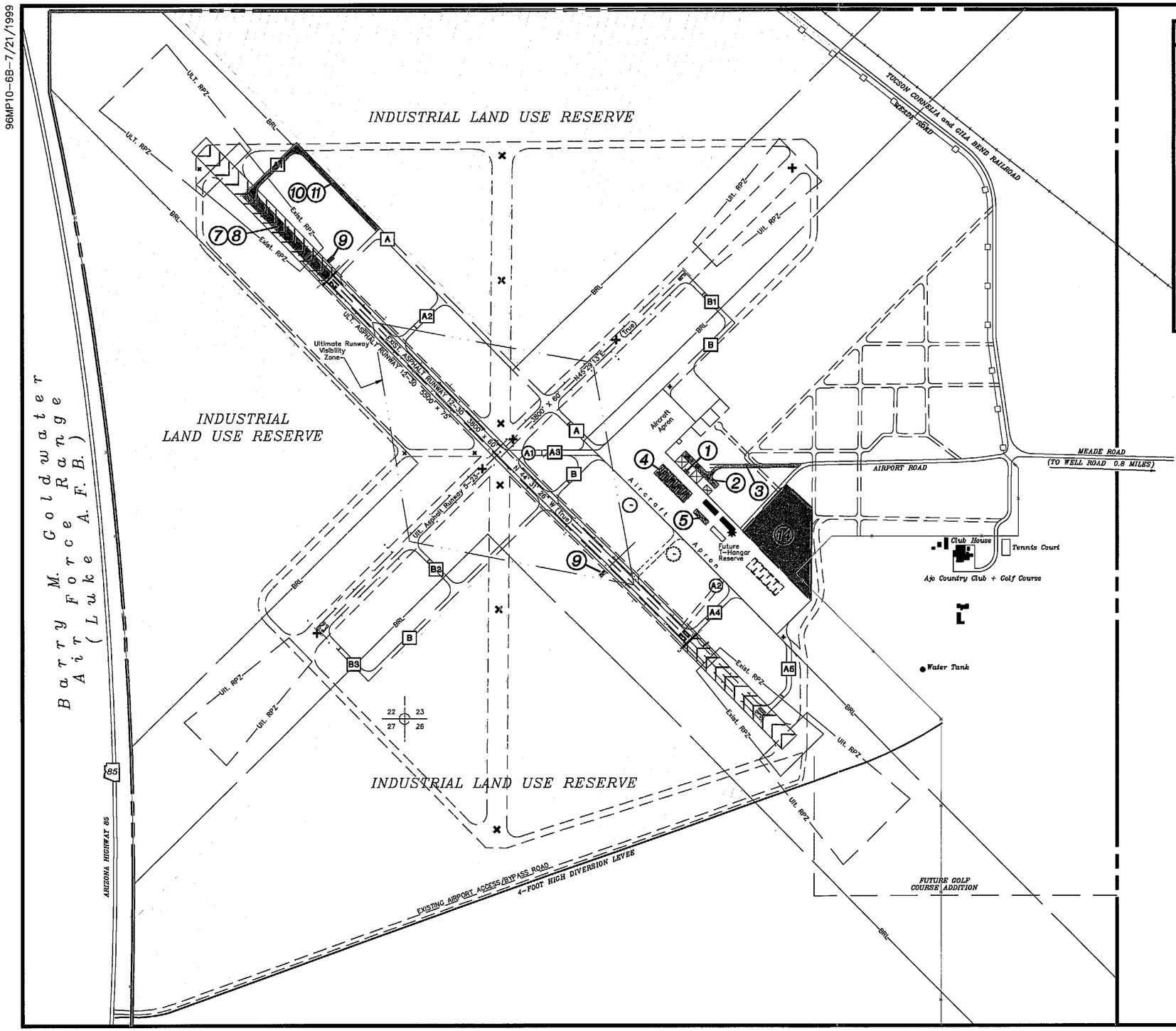
0 800 1600

SCALE IN FEET

Ajo MUNICIPAL AIRPORT

Exhibit 6A
SHORT TERM PLANNING HORIZON IMPROVEMENTS
FY 1999-2000 THROUGH FY 2003-2004

96MP10-6B-7/21/1999



DEVELOPMENT ITEM DESCRIPTIONS

1. Construct General Aviation Terminal Facility
2. Construct Terminal Area Auto Parking
3. Pave Terminal Access Road
4. Construct Terminal Area Tiedown Area
5. Construct T-Hangar Facility
6. Environmental Assessment
7. Extend Runway 12-30
8. Runway 12-30: Install MIRL
9. Runway 12-30: Install PAPI-2
10. Extend Taxiway A
11. Taxiway A: Install MITL
12. Establish One Mile GPS Approach To Runway 12-30
13. Pavement Preservation
14. Construct "Fly-in" Recreation Area

NOTE: Not all development items listed are depicted on this exhibit.

KEY:

(1) ***DEVELOPMENT ITEM***

NORTH

0 800 1600

SCALE IN FEET

Ajo MUNICIPAL AIRPORT

Exhibit 6B
INTERMEDIATE TERM PLANNING HORIZON IMPROVEMENTS
(6 TO 10 YEARS)

The pavement preservation program scheduled to begin in the short term planning horizon and continue through the intermediate term planning period will extend through the long term planning horizon.

Landside: A 150 square foot expansion of the general aviation terminal facility is slated for the long term planning horizon. At this time an additional three (3) spaces will be added to the terminal area auto parking area.

An aircraft wash rack facility is planned for the area southeast of the G.A. terminal facility development and adjacent to the existing aircraft apron's eastern edge.

Additionally, scheduled for the long term planning horizon is a future fuel storage facility site which is to be located north of the G.A. terminal facility along the existing apron edge.

Other long term planning horizon landside improvements include the expansion of the corporate parcel apron area and the construction/paving of the corporate parcel access road.

Like the two previous planning periods, an EA has been included in the development schedule for the scheduled runway extension and new taxiway construction as well as other proposed development.

Exhibit 6C provides a graphical depiction of the long term planning horizon improvements.

ADDITIONAL FUTURE AIRPORT CONSIDERATIONS

As per the request of the Airport's FBO, Ajo Aircenter, the following sections have been prepared to explain the airport "Port-of-Entry" designation processes of the U.S. Customs Service. The purpose of Ajo Municipal Airport being identified as a "Port-of-Entry" by the U.S. Customs Service would be to allow aircraft to arrive directly at Ajo Municipal Airport from Mexico. Currently, pilots would be required to land at a U.S. Customs Service designated airport prior to proceeding to Ajo Municipal Airport. The following sections describe the different airport designations and processes that Pima County would need to follow in order for Ajo Municipal Airport to be designated as a "Port-of-Entry" by the U.S. Customs Service.

AIRPORT DESIGNATIONS

The U.S. Customs Service currently has three primary designations for airports: *International Airports*, *Landing Rights Airports*, and *User-Fee Airports*. Each of these designations has certain requirements both for the airport and the pilots using them. The following paragraphs describe each of the three airport designations.

International Airport - An airport designated by the U.S. Customs Service as an International Airport (Airport of Entry) allows for the entry and clearance of all international aircraft without the necessity of obtaining prior permission to land. It does require, however, advance notice of arrival in order that inspectors may be made available. Designation as an International Airport of entry follows application by the airport operator and finding by the U.S. Customs Service that the airport will generate at least 15,000 annual international passengers. If designated, the airport operator must provide adequate space and facilities for Customs and Federal inspection purposes and satisfy certain

other requirements established by U.S. Customs Service. The U.S. Customs Service no longer utilizes this designation, however, those airports which were previously designated as an International Airport retained their designation. The following airports are currently designated international airports (airport of entry) within the State of Arizona: Douglas-Bisbee International Airport, Douglas Municipal Airport, Nogales International Airport, Tucson International Airport, and Yuma International Airport

Landing Rights Airport - Landing Rights Airports are those airports where incoming international flights must obtain prior permission to land and must furnish advance notification of arrival to the U.S. Custom Service. Advanced notice of arrival may be transmitted via flight plans to those airports where Advise Customs service is available. Such notices are treated as applications for permission to land. Customs officers may, at their discretion, grant blanket "landing rights" to individuals or companies at certain airports for a specific period of time, in which case only advance notice of arrival is required. This type of blanket permission is generally given for scheduled airline flights at busy landing rights airports. In order to be designated as a Landing Rights Airport, the U.S. Customs Service must determine that the airport would support an adequate workload and sufficient customs service personnel are available to support the facility. Landing rights fees charged to the aircraft operators by the airport operator are used to support U.S. Customs services at the airport. The following airport is currently designated as a Landing Rights Airport within the State of Arizona: Phoenix - Sky Harbor International Airport

User-fee Airport - Airports which do not meet U.S. Custom Service criteria for designation as a Landing Rights Airport, can petition for landing rights as a "User-Fee" Airport. Currently, airport operators are required to pay the U.S. Customs Service a fee of $100,000 for the first year and $75,905 for each subsequent year to provide customs service at the desired airport. This fee entitles the airport to one full-time U.S. Customs inspector to be stationed at the airport. The fee for providing a customs inspector is reimbursable; that is, the airport operator may charge the aircraft operators a fee associated with obtaining customs services. Similar to Landing Rights airports, prior permission to land, and advance notification of arrival to the U.S. Custom Service is required. Any fees charged to the aircraft operators for customs services is at the discretion of the airport operator. These fees generally range from $100-$300 per arrival, which translates to between 300 to 1,000 annual arrivals in order to justify the yearly "User-Fee" airport fee to be paid to the U.S Custom Service. Currently, no User-Fee Airports are designated within the State of Arizona.

DESIGNATION PROCESS

The U.S. Customs Service currently has specific criteria that must be met by an airport in order to be classified as one of the above referenced airports. According to the U.S. Customs Service, the airport operator must fill out and submit a Memorandum of Agreement Form (MOA) to the U.S. Customs Service along with a letter of concurrence from the Governor of the State. Once this information is received, the U.S. Customs Service would determine if the airport meets the criteria as a Landing Rights Airport, or if the Airport would need to be designated as a User-Fee Airport. No formal designation is given prior

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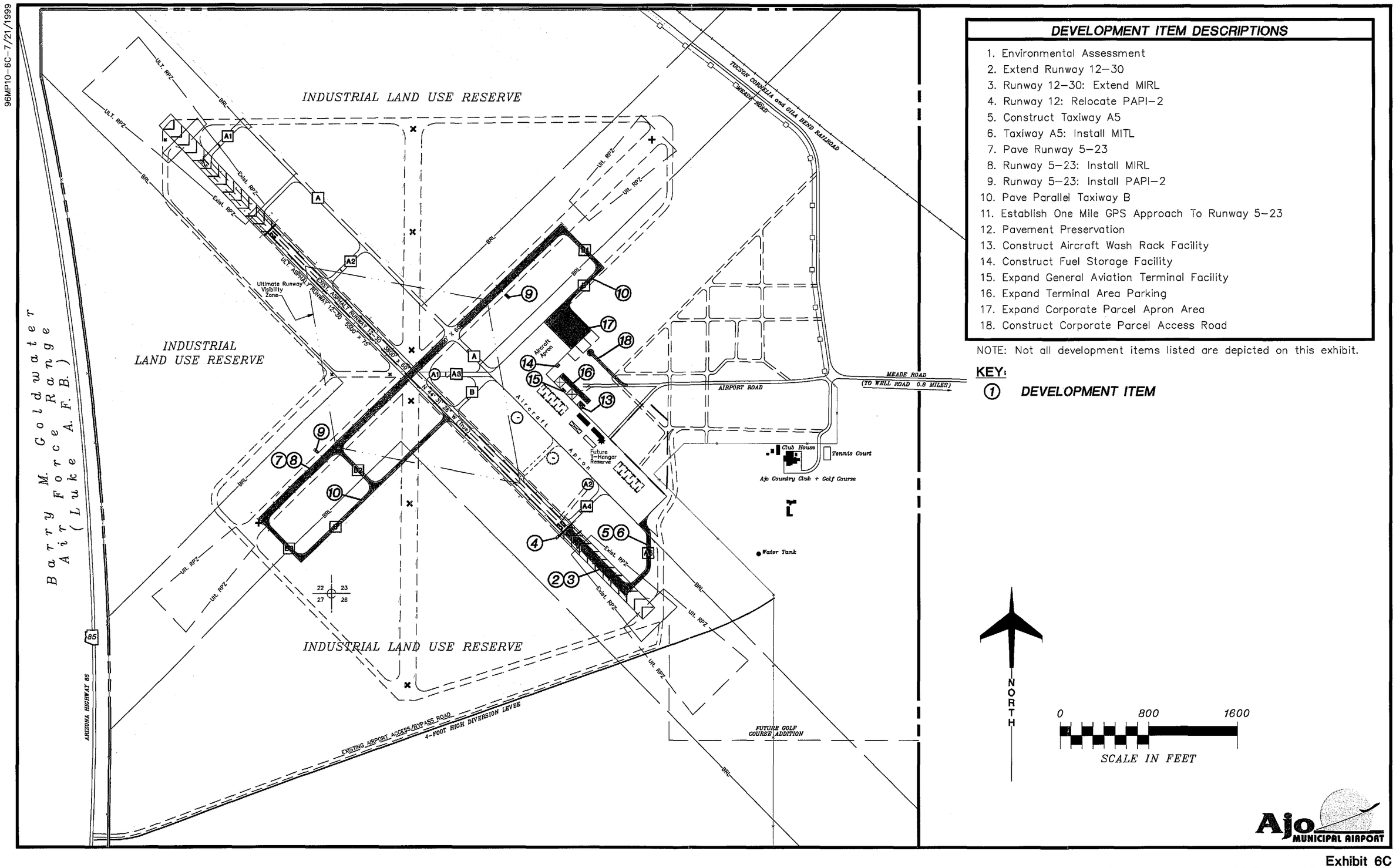

DEVELOPMENT ITEM DESCRIPTIONS

1. Environmental Assessment
2. Extend Runway 12–30
3. Runway 12–30: Extend MIRL
4. Runway 12: Relocate PAPI–2
5. Construct Taxiway A5
6. Taxiway A5: Install MITL
7. Pave Runway 5–23
8. Runway 5–23: Install MIRL
9. Runway 5–23: Install PAPI–2
10. Pave Parallel Taxiway B
11. Establish One Mile GPS Approach To Runway 5–23
12. Pavement Preservation
13. Construct Aircraft Wash Rack Facility
14. Construct Fuel Storage Facility
15. Expand General Aviation Terminal Facility
16. Expand Terminal Area Parking
17. Expand Corporate Parcel Apron Area
18. Construct Corporate Parcel Access Road

NOTE: Not all development items listed are depicted on this exhibit.

KEY:

① **DEVELOPMENT ITEM**

Ajo MUNICIPAL AIRPORT

Exhibit 6C
LONG TERM PLANNING HORIZON IMPROVEMENTS
(10 TO 20 YEARS)

to the U.S. Customs Service inspecting the airport to determine the adequacy of the airport to support U.S. Customs Service activity.

In the case of Ajo Municipal Airport, the U.S. Customs Services has indicated that Ajo Municipal Airport would not likely qualify as a Land Rights Airport, but could potentially qualify as a User-Fee Airport. If approved as a User-Fee Airport, Pima County would be billed quarterly for the $100,000 annual fee for the first year and $75,905 for any subsequent years. In turn, the U.S. Customs Service would place one customs inspector at Ajo Municipal Airport. The Airport would also need to provide adequate work space for the customs inspector. This customs inspector would remain at the Ajo Municipal Airport during normal business hours or negotiated hours, if applicable. Any additional hours would be billed by the U.S. Customs Services as overtime.

It was further indicated by the U.S. Customs Service that other airports that have been designated as a User-Fee Airports have approached businesses surrounding their airports in an attempt to solicit financial support for the customs service. Some local businesses, either existing or future, may find that having customs service available at Ajo Municpal Airport may result in a substantial savings in both time and money to their company and, therefore, may be willing to pay an annual fee or arrival fee to Pima County for the use of such services.

CONCLUSION

Based on information provided by the U.S. Customs Service, it would appear that Ajo Municipal Airport could eventually qualify as a User-Fee Airport. It would be necessary for the County to obtain a MOA from the U.S. Customs Service and a letter from the Governor supporting the designation as a User-Fee Airport. Upon receipt of this information, the willingness of Pima County to pay for the services, and inspection of the airport by the U.S. Customs, Ajo Municipal Airport would be designated as a User-Fee Airport.

The designation of Ajo Municipal Airport as a User-Fee Airport would allow pilots to request entry into the United States from a foreign country, particularly Mexico, directly to Ajo Municipal Airport. By doing so, the pilot would not have to stop at one of the previously listed airports prior to landing at Ajo Municipal Airport. By providing customs services at Ajo Municipal Airport, Pima County could make the airport more attractive to other users including those which frequently fly to and from the Phoenix Metropolitan area and Mexico.

The purpose of the information provided in this section on "Port-of-Entry" airports is meant to explain and inform only. Without a detailed, comprehensive study, any recommendation as to whether Ajo Municipal Airport could generate sufficient activity to justify applying for User-Fee status is purely speculative, and, therefore, no recommendation as to specific airport designation can be made at this time.

AIRPORT DEVELOPMENT AND FUNDING SOURCES

Financing future airport improvements will not rely exclusively upon the financial resources of Pima County. Airport

improvement funding assistance is available through various grant-in-aid programs at both the state and federal levels. The following discussion outlines the key sources for airport improvement funding and how they can contribute to the successful implementation of this master plan.

FEDERAL AID TO AIRPORTS

The United States Congress has long recognized the need to develop and maintain a system of aviation facilities across the nation for national defense and promotion of interstate commerce. Various grant-in-aid programs to public airports have been established over the years for this purpose. The current federal grant-in-aid program is the Airport Improvement Program (AIP) established in 1982. AIP has been reauthorized several times since 1982, however, the authorized spending levels have varied annually.

The Fiscal Year (FY)99 Omnibus Appropriations Act had appropriated $975 million for the AIP through March 31, 1999 - half of the $1.95 billion obligational authority for the year. Congress had failed to pass a full year reauthorization of the AIP due to conflicts surrounding capacity "slot" allotments at four major airports and existing service rules at Washington Dulles International Airport. However, prior to the March 31, 1999 funding expiration date, Congress did give approval to funding the Fiscal Year (FY)99 AIP through May 31, 1999. Currently, both the House and Senate are working separately on multi-year funding programs.

The funding levels authorized in the legislation are not always the levels appropriated in the annual Congressional budget process. In fiscal year 1996, the AIP authorized level was $2.161 billion, but only $1.45 billion was appropriated. Only $1.46 billion of the authorized $2.28 billion was appropriated in 1997. For fiscal year 1998, $1.7 billion of the authorized $2.347 billion was appropriated.

The source for AIP funds is the Aviation Trust Fund. The Aviation Trust Fund was established in 1970 to provide funding for aviation capital investment programs (e.g., facilities and equipment, research and development, and grants for airport development and expansion projects). A majority of the FAA's operations account is financed through the Aviation Trust Fund. The Aviation Trust Fund is funded by federal user fees and taxes on airline tickets, aviation fuel, and various aircraft parts.

AIP Funds are distributed each year by the FAA under authorization from the United States Congress. A portion of each year's authorized level of AIP funding is distributed to all eligible commercial service airports through an entitlement program that guarantees a minimum level of federal assistance each year. These dollars are calculated based upon enplanement and cargo service levels.

The remaining AIP funds are distributed by the FAA to airports based upon the priority of the project for which they have requested Federal assistance. A National Priority Ranking System is used to evaluate and rank each airport project. Those projects with the highest priority are given preference in funding.

Each airport project for Ajo Municipal Airport must follow this procedure and compete with

other airport projects in the State for AIP State Apportionment dollars and across the country for other Federal AIP funds. An important point to consider is that, unlike entitlement dollars for commercial service airports, federal funding is not guaranteed for Ajo Municipal Airport.

In Arizona, airport development projects that meet FAA's eligibility requirements receive 91.06 percent funding from the AIP. Eligible projects include any public use facility such as airfield and apron improvements. Revenue generating improvements such as fuel facilities and hangars are generally not eligible for AIP funding. FAA has historically not funded these types of facilities, but currently are under review by the agency for consideration as an eligible airport improvement in the future.

FAA FACILITIES AND EQUIPMENT PROGRAM

The Airway Facilities Division of the FAA administers the national Facilities and Equipment (F&E) Program. This annual program provides funding for the installation and maintenance of various navigational aids and equipment for the national airspace system and airports. Under the F&E program, funding is provided for FAA air traffic control towers, enroute navigational aids such as VOR's, and on-airport navigational aids such as PAPIs, and approach lighting systems. As activity levels and other development warrant, the Airport may be considered by the FAA Airways Facilities Division for the installation and maintenance of navigational aids through the F&E program. Recommended improvements in this master plan which may be eligible for funding through the F&E program include the PAPIs for each runway end. Should the Airway Facilities Division of the FAA install these navigational aids at the airport, they would be operated and maintained by the FAA at no expense to the airport.

STATE AID TO AIRPORTS

In support of the state airport system, the State of Arizona also participates in airport improvement projects. The source for State airport improvement funds is the Arizona Aviation Fund. Taxes levied by the State on aviation fuel, flight property, aircraft registration tax, and registration fees, (as well as interest on these funds) are deposited in the Arizona Aviation Fund. The Transportation Board establishes the policies for distribution of these State funds.

Under the State of Arizona grant program, an airport can receive funding for one-half (4.47 percent) of the local share of projects receiving federal AIP funding. The State also provides 90 percent funding for projects, such as pavement maintenance, which are not eligible for AIP funding.

State Airport Loan Program

The Arizona Department of Transportation - Aeronautics Division (ADOT) recently established the Airport Loan Program. This program was established to enhance the utilization of State funds and provide a flexible funding mechanism to assist airports in funding improvement projects. Eligible projects include runway, taxiway, and apron improvements; land acquisition, planning studies, and the preparation of plans and specifications for airport construction projects, as well as revenue generating improvements

such as hangars and fuel storage facilities. Projects which are not currently eligible for the State Airport Loan Program are considered if the project would enhance the airport's ability to be financially self-sufficient.

There are three ways in which the loan funds can be used: Grant Advance, Matching Funds, or Revenue Generating Projects. The Grant Advance loan funds are provided when an airport can demonstrate the ability to accelerate the development and construction of a multi-phase project. The project(s) must be compatible with the Airport Master Plan and be included in the ADOT 5-year Airport Development Program. The Matching Funds are provided to meet the local matching fund requirement for securing federal airport improvement grants or other federal or state grants. The Revenue Generating funds are provided for airport-related construction projects that are not eligible for funding under another program.

LOCAL FUNDING (Pima County)

The balance of project costs, after consideration has been given to grants, must be funded through local (Pima County) resources. For most airports, there are several alternatives for local finance options for future development at the airport, including airport revenues, direct funding from the County, bonds, and leasehold financing.

Several bonding options which may be available to Pima County include: general obligation bonds, limited obligation bonds, and revenue bonds. General obligation bonds are a common form of tax supported bonds which are issued by voter approval and is secured by the full faith and credit of the County. County tax revenues are pledged to retire the debt. As instruments of credit, and because the County secures the bonds, general obligation bonds reduce the available debt level of the County. Due to the County's pledge to secure and pay general obligation bonds, they are the most secure type of government-issued bonds and are generally issued at lower interest rates and carry lower costs of issuance. The primary disadvantage of general obligation bonds are that they require voter approval and are subject to statutory debt limits. This requires that they be used for projects that have broad support among the voters, and they be reserved for projects that have the highest public priorities.

In contrast to general obligation bonds, limited obligation bonds (sometimes referred to as a Self Liquidating Bonds) are secured by revenues from a local source. While neither general fund revenues nor the taxing power of the local government is pledged to pay the debt service, these sources may be required to retire the debt if pledged revenues are insufficient to make interest and principal payments on the bonds. These bonds still carry the full faith and credit pledge of the County and therefore are considered, for the purpose of financial analysis, as part of the debt burden of the County government. The overall debt burden of the County would be a factor in determining interest rates on municipal bonds.

There are several types of revenue bonds. In general, they are a form of municipal bond which is payable solely from the revenue derived from the operation of a facility that was constructed or acquired with the proceeds of the bonds. For example, a Lease Revenue Bond is secured with the income from a lease assigned to the repayment of the bonds. Revenue bonds have become a common form of financing airport improvements. They

present the opportunity to provide those improvements without direct burden to the taxpayer. One drawback of revenue bonds is that they normally carry a higher interest rate, because they lack the guarantees of general and limited obligation bonds.

Leasehold financing refers to a developer or tenant financing improvements under a long-term ground lease. The obvious advantage of such an arrangement is that it relieves the County of all responsibility for raising the capital funds for improvements. However, the private development of facilities on a ground lease, particularly on property owned by a government agency, produces a unique set of problems. In particular, it is more difficult to obtain private financing as only the improvements and the right to continue the lease can be claimed in the event of a default. Ground leases normally provide for the reversion of improvements to the lessor at the end of the lease term, which reduces their potential value to a lender taking possession. Also, companies that want to own their property as a matter of financial policy may not locate where land is only available for lease.

Master ground leases offer a substantial financial advantage to a private developer as there are not any up-front acquisition costs and lease payments are fully deductible for tax purposes; whereas, owned land cannot be depreciated. This option could be structured as a straight ground lease or as a joint venture. Under a straight ground lease to a developer, the County would not be involved in the construction, financing, sale, or lease of buildings for tenants. However, there may be circumstances where the County will want to participate in the construction of facilities, either as part of a joint venture or to provide inducements to attract certain tenants. The simplest way to do this is to underwrite the construction and financing of those facilities, keeping them in County ownership and leasing them to tenants.

As a joint venture partner, the County would provide funds for construction and permanent financing. A joint venture could be structured so that the various benefits would be available for each partner according to their highest use; for example: tax benefits (such as depreciation) would go to the private developer while cash income would go to the County. This could be used successfully to fund individual buildings for specific tenants, where lower rents could be charged in exchange for partial ownership, producing income from both rents and interest payments.

These financing techniques offer marketing inducements, as they assume the County can obtain lower-cost funds than are available in the private market. These lower costs can then be passed through to the development process to reduce lower rental rates. To avoid the appearance of unfairly competing with the private sector, it will be important to establish comparable market rental rates.

SUMMARY

The best means of beginning the implementation of recommendations of this master plan is to first recognize that planning is a continuous process that does not end with completion of the master plan. Rather, the ability to continuously monitor the existing and forecast status of airport activity must be provided and maintained. The fundamental issues upon which this master plan is based

will remain valid for several years. As such, the primary goal is for the airport to evolve into a facility that will best serve the air transportation needs of the region and to evolve into a self-supporting economic generator for both Pima County and the community of Ajo.

Toward meeting this goal, successful implementation of airport improvement projects will require sound judgement by Pima County. Among the more important factors influencing the decision to carry out a specific improvement are timing and airport activity. Both factors should be used as references in the implementation of the master plan. In this master plan, focusing on the timing of airport improvements was necessary. However, the actual need for facilities is more appropriately established by airport activity levels rather than a specified date. For example, projections have been made as to when additional T-hangar facilities would be needed to accommodate based aircraft growth. However, in reality, the time frame in which additional facilities are needed may be substantially different. Actual demand may be slow in reaching forecast activity levels. On the other hand, increased based aircraft totals may establish the need for new facilities much sooner. Although every effort has been made in this master planning process to conservatively estimate when facility development may be needed, aviation demand will dictate when facility improvements need to be accelerated or delayed.

The real value of a usable master plan is that it keeps the issues and objectives in the mind of the user so that he or she is better able to recognize change and its effect. In addition to adjustments in aviation demand, decisions made as to when to undertake recommended improvements in this master plan will impact the period that the plan remains valid. The format used in this plan is intended to reduce the need for costly updates. Updating can be done by the user, improving the plan's effectiveness.

In summary, the planning process requires that Pima County consistently monitor the progress of the Airport in terms of total aircraft operations, total based aircraft, and overall aviation activity. Analysis of aircraft demand is critical to the exact timing and need for new airport facilities. The information obtained from continually monitoring airport activity will provide the data necessary to determine if the development schedule should be accelerated or delayed.